

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

EPAS ID: PAT2700255

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	LICENSE
CONVEYING PARTY DATA	
Name	Execution Date
SUSTAINABLE ENERGY, LLC	11/15/2012
RECEIVING PARTY DATA	
Name:	SUSTAINABLE ENERGY, LLC
Street Address:	60 EAST 42ND STREET, 46TH FLOOR
City:	NEW YORK
State/Country:	NEW YORK
Postal Code:	10165
PROPERTY NUMBERS Total: 2	
Property Type	Number
Patent Number:	5916140
Patent Number:	5899067
CORRESPONDENCE DATA	
Fax Number:	(732)446-7030
Phone:	732 995 7830
Email:	sdanzis143@aol.com
<i>Correspondence will be sent via US Mail when the email attempt is unsuccessful.</i>	
Correspondent Name:	SAMUEL M. DANZIS, ESQ.
Address Line 1:	15 VAIL VALLEY DRIVE
Address Line 4:	MANALAPAN, NEW JERSEY 07726
NAME OF SUBMITTER:	SAMUEL DANZIS
Signature:	//SAMUELDANZIS//
Date:	01/28/2014
This document serves as an Oath/Declaration (37 CFR 1.63).	

Total Attachments: 18

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ENGINE TECHNOLOGY LICENSE AGREEMENT

THIS ENGINE TECHNOLOGY LICENSE AGREEMENT ("Agreement") is made as of the 15th day of November, 2012 (the "Effective Date"), by and between Sustainable Energy, LLC, a New York Limited Liability Company ("Sustainable" or "Licensee") and Deluge, Inc., a Delaware corporation ("Deluge" or "Licensor"). Licensee and Licensor are individually a "Party" and collectively the "Parties" hereto.

RECITALS:

1. Licensee is in the business of developing renewable and sustainable energy projects utilizing energy efficient techniques, methods and technologies that provide cost benefits to its customers.
2. Deluge is in the business of designing, manufacturing, licensing and selling engines capable of being powered by thermal energy, as well as related equipment and technology; and
3. Whereas Licensee wishes to obtain certain license rights in the Engines developed by Deluge in order to permit Licensee to develop, manufacture, and integrate such Engines into its projects;

NOW, THEREFORE, in consideration of the promises, the mutual covenants contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto agree as follows:

ARTICLE 1 **DEFINITIONS**

- 1.1 An "**Affiliate**" shall mean, as to any person or entity, any other person or entity that directly or indirectly controls, is controlled by or is under common control with such person or entity. Control shall mean the right to control, or actual control of, management of such other entity, whether by ownership of voting securities, by agreement or otherwise. Licensee may identify Affiliates, as defined, from time to time as circumstances dictate.
- 1.2 The "**Licensed Patents**" shall mean the U.S. patents licensed and/or controlled by Deluge, specifically (i) United States Patent No. 5,916,140 and (ii) United States Patent No. 5,899,067; all foreign patent applications and all issued foreign patents claiming

priority therefrom or related thereto; and all patents issuing on such foreign patent applications.

- 1.3 The "**Licensed Engine Technology**" shall mean the technology, ideas, concepts, techniques, systems, data, drawings, designs, specifications, processes, plans, research and development, information, inventions, improvements, and know-how owned, licensed or controlled by or proprietary to Deluge, which relate to the Engine, and all relevant plans, specifications, designs, drawings, and the like, needed to properly manufacture and/or assemble Engines. The Licensed Engine Technology shall exclude all Inventions (as defined in Section 2.5).
- 1.4 An "**Engine**" (including its plural forms) shall mean equipment using the Licensed Engine Technology designed to collect and use heat to produce electricity or mechanical power for Licensee's own use or the use of customers, including a heat-transfer module, valves, and controllers, as well as piston cylinders operating by the expansion and contraction of liquids such as carbon dioxide, that can work with geothermal or wasted heat to convert such heat to produce electricity or mechanical power.
- 1.5 The "**Private Energy Plant Marketplace**" shall mean energy plant projects that service a cluster or campus of buildings under common ownership or management, owned and/or operated by entities such as independent power producers, non-utility generators, colleges, university, and hospitals.

ARTICLE 2

GRANT OF LICENSE

- 2.1 **Grant of License.** Subject to the terms and conditions of this Agreement, Licensor grants to Licensee an exclusive, non-transferable, license to manufacture Engines, and to incorporate the Licensed Engine Technology into Licensee's projects. Deluge acknowledges and agrees that the license granted pursuant to this Section shall include the right to copy, modify, incorporate, and support the Licensed Engine Technology.
- 2.2 **Deluge Ownership of Licensed Engine Technology.** Licensee acknowledges that the Licensed Engine Technology and all intellectual property rights in the Licensed Engine Technology are and shall at all times remain the exclusive property of Deluge (or its Affiliates) and that no rights, title or ownership interest in the intellectual property rights in the Licensed Engine Technology shall pass to Licensee except for the license rights specifically granted in this Agreement.
- 2.3 **Quality Assurance.** As part of the manufacturing process of any Engine or Engines manufactured under license by Licensee, Licensor shall be provided with reasonable access and opportunity to review the manufacturing process and the parts utilized in the manufacture, including conforming with the identification requirements of Section 2.4.5.

Licensors reserves the right hereunder to require conformance to its reasonable, written standards, which requirements (i) shall be made readily and freely available to Licensee, (ii) shall be consistent with Licensors' own routine manufacturing processes, and (iii) shall not be capricious, arbitrary, or unreasonably burdensome upon Licensee.

2.3.1 Inspection Rights. Upon ten (10) Business Days prior written Notice, Deluge shall be entitled to have its representatives attend at the manufacturing facility or facilities of Licensee to review the manufacturing process of the Engines and to assure adherence to the relevant terms of this Article 2 and this Agreement. Deluge retains the right hereunder to assure that the manufacture of the Engines meets industry norms of quality control as well as the standards of Deluge (such standards to be provided to Licensee at least 6 months prior to any inspection visit, and to be agreed to by the Parties), as per Section 2.3. Licensee will work toward adopting ISO or equivalent quality control procedures in manufacturing. The costs of such inspections shall be borne by Deluge.

2.3.2 Audit Rights. Licensee shall keep appropriate records related to the use of the Licensed Engine Technology by Licensee and its customers during the term of this Agreement and for a period of one (1) year thereafter. Upon five (5) Business Days prior written Notice, Deluge shall be entitled to have its representatives attend at the offices of Licensee to review and audit these records to ensure compliance by Licensee with the relevant terms of this Agreement. The costs of such audit shall be borne by Deluge.

2.3.3 Quarterly Reporting. Licensee shall provide quarterly reports of Engine manufacturing activity to Deluge which shall include a list of model numbers and serial numbers completed and in progress.

2.4 Limitations

2.4.1 License Contingent Upon Payment. The grant of license is contingent on payment by Licensee of the applicable license fees.

2.4.2 Scope of Use. This License by Deluge is granted for Engines incorporated into projects developed by Licensee in four defined areas within the defined Geographical Scope. The defined areas are:

- (a) Projects utilizing primarily geothermal energy for electric power generation;
- (b) Projects in the Private Energy Plant Marketplace;
- (c) Projects being done by Sustainable for Proprietary Partners as defined and identified, prior to the Effective Date of this Agreement, under the OEM Supply and Marketing and Sales Agreement between the Parties dated 1 December 2010, attached hereto as Exhibit 3, which is hereby incorporated and made a part hereof; and
- (d) Such additional projects being done by Sustainable for potential clients it wishes to identify as Proprietary Partners, such potential clients to be subject to review and acceptance by Deluge, such acceptance not to be unreasonably withheld.

Licensee is prohibited hereunder from manufacturing Engines for clients under other exclusive license by Deluge, except that it may continue to manufacture Engines for any

entity already a client as permitted hereunder.

2.4.3 Geographical Scope. This License is restricted to installations in locations as listed in Exhibit 1.

2.4.4 Additional Permission. Licensee shall have authorization to build up to two (2) engines to be used by Licensee for internal research and development, and promotional purposes. This authorization is made without any other cost or obligation to Licensee.

2.4.5 Identification of Licensed Technology. Licensee shall affix or imprint a permanent label, plaque, identification tag or other imprinted mark (an "ID Tag"), as acceptable to Deluge, on each Engine Licensee produces under this Agreement, indicating model and serial number and that the Engine was produced under license from Deluge. The wording, legibility, location and permanence of this ID Tag will be mutually agreed to by the Parties.

2.5 Patent Filing Restrictions and Technology Enhancements.

2.5.1 Restrictions on Patenting. Licensee is restricted from filing patents on methods of manufacturing the Engine or that build on or apply exclusively to the Licensed Engine Technology and technology in the Licensed Patents and not to other engine technologies.

2.5.2 Joint Ownership. To the extent that Licensee develops parts, devices, products, improvements, processes or other patentable inventions (all of the foregoing to be termed "Inventions") that build on or apply exclusively to the Licensed Engine Technology and technology in the Licensed Patents and not to other engine technologies, Licensor and Licensee hereby agree to seek and wherever possible obtain jointly owned or assigned patent protection for such Inventions in all relevant jurisdictions.

2.5.3 Licensee Access. Licensor agrees that Licensee shall have unlimited access to such Inventions, and to any other parts, devices, products, improvements, processes or other patentable inventions Licensor should independently develop pertaining to the Licensed Engine Technology, without additional fees or royalties, for its own use as long as patent protection applies to such Inventions.

2.5.4 Licensor Access. Licensee agrees that Licensor shall have unlimited access to such Inventions, without fees or royalties, for applications outside of Licensee's Scope of Use as long as patent protection applies to such Inventions.

2.5.5 Sharing of Profits. Licensor and Licensee agree to license any such Inventions in the manufacture of the Engines by Deluge and to such other entities as they may from time to time agree, in return for reasonable and customary fees and royalties as they may jointly determine and agree. The Parties will divide the net (after applicable expenses) income from such licensing activity equally between themselves.

2.5.6 Survival of Rights. The rights granted to Licensor and Licensee under this Section 2.5 shall survive termination of this Agreement.

2.5.7 Other Technological Developments. Licensor acknowledges that Licensee may from time to time make technological developments outside of the Licensed Engine Technology and the technology in the Licensed Patents in order to improve Licensee's competitive advantage in the marketplace, that Licensee's technological developments may or may not be patentable or may be proprietary techniques or methods, and that this Agreement does not restrict Licensee from making said technological developments. Licensee agrees to license any such technological developments to Licensor without restriction and subject to a license agreement.

ARTICLE 3

CONSULTING SERVICES

- 3.1 Provision of Consulting Services.** Deluge hereby agrees to perform Consulting Services. The Consulting Services shall consist, in general, of engineering information, consultative services, advisory work and related assistance in preparing Licensee for the manufacturing of Engines. Compensation to be paid by Licensee for the Consulting Services is identified with the services in Exhibit 2.
- 3.2 Additional Consulting.** Consulting services or other assistance not otherwise detailed in Exhibit 2 will be offered by Deluge as requested by Licensee on a time-available basis. Compensation for such work will be agreed to by the Parties beforehand.
- 3.3 Performance of Consulting Services.** The Consulting Services will be performed by Mr. Brian Hageman or a person or persons directed by him. In this latter case, Brian Hageman will bear responsibility for oversight and will actively monitor such Consulting Services to assure they meet his standards of quality.

ARTICLE 4

FEES & PAYMENT TERMS

- 4.1 License Fees.** In consideration for the exclusive License granted in this Agreement, Sustainable shall pay Deluge the following, which the Parties agree is a suitable and sufficient compensation for such License:
- (a) Stock equivalent to 3% of the outstanding shares of Sustainable Energy, LLC;
 - (b) An initial payment of TWO HUNDRED THOUSAND DOLLARS (\$200,000.00);
 - (c) The sum of TWENTY FIVE THOUSAND DOLLARS (\$25,000) at the end of each quarter following the initial payment for three (3) quarters commencing 180 days after receipt of the initial payment; and
 - (d) The sum of FIFTY THOUSAND DOLLARS (\$50,000) at the end of each quarter thereafter for the term of this Agreement, adjusted as follows:
 - i. At such time Sustainable sells more than 5 engines in a quarter for two (2)

consecutive quarters, Sustainable shall permanently adjust its quarterly License Fee hereunder to SEVENTY FIVE THOUSAND DOLLARS (\$75,000); and

- ii. At such time Sustainable sells more than 10 engines in a quarter for two (2) consecutive quarters, Sustainable shall permanently adjust its quarterly License Fee hereunder to ONE HUNDRED THOUSAND DOLLARS (\$100,000).

- 4.2 Royalty Fees.** For all engines built for use in Licensee's facilities and projects, Licensee shall pay Deluge a royalty of 7.5% of the hourly rate it earns from energy produced if engines are owned and operated by Licensee. If engines are built to produce mechanical power and are owned and operated by the Licensee, a royalty equivalent to 7.5% of the per kilowatt/hour rate it earns or \$0.0056 per horsepower/hour shall be paid. If Licensee sells engines, a fee equivalent to 5% of the cost to Sustainable of building the engine(s) shall be paid to Deluge upon sale. For projects referred to Licensee by Deluge, the regular royalty fee will be paid plus a referral fee. Royalty Fees shall not be payable before receipt of the corresponding revenue by Licensee.
- 4.3 Payment Terms.** Licensee shall pay Deluge quarterly, unless otherwise agreed upon by the Parties and set forth in writing. Deluge shall not be required to invoice Licensee to be paid under Section 4.2. Payment shall be due within 30 days of the end of each quarter.
- 4.4 Minimum Quarterly Payment.** Licensee shall pay Deluge quarterly payments based on License Fees in accordance with Section 4.1 and Royalty Fees in accordance with Section 4.2, but in no case shall such payment be less than the amount due under Section 4.1. Royalty Fees due under Section 4.2 may be used to offset License Fees due, and vice-versa; however, the payment in any quarter must bring the total cumulative amount paid up to the maximum cumulative amount due as calculated in either case.
- 4.5 Referrals by Licensor.** From time to time, Deluge receives requests for Engines from customers, prospective or otherwise, for a project that would fall within Licensee's Scope of Use. Deluge will refer all such customers or projects to Licensee in turn for a 2% referral fee, based upon revenue attributed to Sustainable for such specific project requested by the respective customer. Such referral fees shall be in addition to any Royalty Fees due under Section 4.2. Referral fees shall not be payable before receipt of the corresponding revenue by Licensee.
- 4.6 Revenue from Inventions.** In the event that Licensor or Licensee should receive revenue from the sale, licensing or sublicensing, as applicable, of Inventions as provided therein separately from sales of Engines or licensing or sublicensing of Licensed Engine Technology, each Party hereby covenants and agrees to report such revenue to the other Party within the quarter in which it was received, and to pay the other Party as provided in Section 2.5.5, with each Party being responsible for paying any and all taxes on such Party's share of the proceeds under this Section 4.6.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Authorization. Each Party represents and warrants to the other as follows and acknowledges that the other Party is relying on such representations and warranties in connection with this Agreement: (a) it has all necessary legal authority to enter into this Agreement and to perform its obligations hereunder, including but not limited to the grant of any licenses, and the execution and delivery of this Agreement and the completion of the transactions contemplated in this Agreement have been duly authorized by all necessary corporate actions on its part; (b) this Agreement constitutes a legal, valid and binding obligation enforceable in accordance with its terms; and (c) it is not a party to and is not bound or affected by or subject to, and will not become a party to, bound or affected by or subject to, any instrument, agreement, charter or by-law provision, law or regulation or judgment which would be contravened or breached as a result of the execution of this Agreement or completion of the transactions contemplated by this Agreement.

5.2 Representations and Warranties of Deluge. Deluge and/or its Affiliates is/are the owner of the valid patents referred to in Section 1.2 and no additional authorizations, licenses or approvals shall be needed for Licensee to effectuate all the terms and conditions set forth or contemplated in this Agreement. Deluge warrants that the Licensed Engine Technology operates as per specifications published by Deluge if built according to such Deluge specifications.

5.3 Infringements by Deluge. To the knowledge of Deluge there is no:

- (1) claim of adverse ownership or invalidity or other opposition to or conflict with Deluge's ownership of the Licensed Engine Technology; or
- (2) pending or threatened suit, proceeding, claim, demand, action or investigation of any nature or kind against Deluge relating to the Licensed Engine Technology; or
- (3) claim of which Deluge has received notice (formal or informal) or is otherwise aware that:
 - (i) any products, technology, or services developed, produced, used or sold by Deluge; or
 - (ii) any process, method, packaging, advertising or material that Deluge employs in the development, marketing, licensing or sale of any such product, technology or service; or
 - (iii) the use of any of the Licensed Engine Technology breaches, violates, infringes or interferes with any rights of any person or requires payment for the use of any copyright, trade mark or trade secret, know-how or technology of another person or any other intellectual property rights of any person.

- 5.4 Exclusion of Other Warranties.** THIS IS AN ENGINE TECHNOLOGY LICENSE AGREEMENT. EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR CONDITIONS IN RELATION TO ANY LICENSED ENGINE TECHNOLOGY, DOCUMENTATION, SERVICES OR PRODUCTS THAT ARE THE SUBJECT MATTER OF THIS AGREEMENT. LICENSEE ACKNOWLEDGES THAT THE LICENSED ENGINE TECHNOLOGY IS OTHERWISE PROVIDED BY LICENSOR IN AN "AS IS" CONDITION AND THAT NONE OF LICENSOR OR DELUGE'S LICENSORS MAKE ANY OTHER REPRESENTATION, PROMISE OR WARRANTY, EXPRESS OR IMPLIED WITH RESPECT TO THE NATURE AND QUALITY OF THE LICENSED ENGINE TECHNOLOGY TO BE PROVIDED BY LICENSOR, INCLUDING BUT NOT LIMITED TO WARRANTIES OR CONDITIONS OF MERCHANTABLE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE, AND THOSE OTHERWISE ARISING BY STATUTE OR OTHERWISE IN LAW, OR FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE.
- 5.5 Limitation of Liability; Limitation of Remedies.** EXCEPT AS OTHERWISE SET FORTH HEREIN, UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR LOSS OF PROFITS, LOSS OF BUSINESS REVENUE, OR THE LIKE. LIABILITY FOR ANY LOSS OR DAMAGE ARISING OUT OF OR RESULTING FROM OR IN ANY WAY CONNECTED WITH THIS AGREEMENT SHALL NOT EXCEED THE FEES OR OTHER PAYMENTS OF ANY KIND MADE BY THE INJURED PARTY TO THE OTHER PARTY, REGARDLESS OF WHETHER SUCH LIABILITY ARISES IN CONTRACT (INCLUDING, BUT NOT LIMITED TO, FAILURE OR DELAY IN PERFORMANCE OR DELIVERY DUE TO ANY CAUSE WHATSOEVER), TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE OR STRICT LIABILITY) OR OTHERWISE. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR LOSS OF PROFITS OR REVENUE OR FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES.
- 5.6 Indemnification by Deluge.** Deluge will hold harmless, defend and indemnify Licensee and its Affiliates, and each of their employees, officers, directors and agents from and against any claims that the Licensed Engine Technology infringes any intellectual property right of any person and/or entity and Deluge will pay resulting costs, damages and reasonable legal fees (or related settlement costs).
- 5.7 Indemnification by Licensee.** Licensee will hold harmless, defend and indemnify Deluge and its Affiliates, and each of their employees, officers, directors, agents, licensees and customers from and against any claims, lawsuits, or demands of third parties that arise from any of the following:
- (a) infringement by the Licensed Engine Technology of any intellectual property rights of any third party solely to the extent that such claim results from
 - (i) an unauthorized modification or alteration of the Licensed Engine Technology by Licensee, or

- (ii) the unauthorized marketing, distribution or use of the Licensed Engine Technology in conjunction or combination with the Licensee services or any other products, services or software not supplied or specifically recommended by Deluge;
 - (b) any warranty, condition, representation or indemnity granted by Licensee or any other parties for the Licensed Engine Technology in addition to or in lieu of the warranties described in this Agreement (except that Licensee shall have no obligation to indemnify Deluge for any such warranty, condition, representation or indemnity which otherwise originates with Deluge); or
 - (c) infringement by Licensee of any intellectual property rights of any third party, only if and to the extent the infringement does not result from the use of the Licensed Engine Technology in accordance with the terms of this Agreement;
- provided that:

- (i) Deluge provides prompt written Notice of the claim to Licensee;
- (ii) Deluge co-operates with Licensee in the defense of such claim;
- (iii) Licensee has sole control of the defense and all related settlement negotiations, provided that any proposed settlement has no material adverse affect on Deluge; and
- (iv) Deluge does not attempt to settle any claim on behalf of Licensee.

ARTICLE 6

TERM AND TERMINATION

6.1 Term. This Agreement shall have an initial term of twenty (20) years from the Effective Date or when the Licensed Patents or any patents reinforcing or extending the Licensed Patents expire, subject to which condition comes first. This Agreement will automatically renew for further periods of ten (10) years (or such other renewal period as shall be agreed in writing by the Parties), unless either Party provides written Notice of its intention to fully or partially terminate this Agreement not less than ninety (90) days before the expiration of the initial term or any renewal period. The Parties agree to negotiate the license or other fees payable in any renewal period in good faith.

6.2 Partial Termination

6.2.1 Partial Termination for Non-Payment. Failure by Licensee to pay the license fees due to Licensor as set forth in Section 4.1 herein shall entitle Licensor to terminate the exclusive provisions of this Agreement if Licensee does not remedy the breach within ninety (90) days of receiving written Notice from Deluge identifying the breach and notifying Licensee that Licensor will terminate such provisions of this Agreement if the breach is not remedied.

6.2.2 Partial Termination for Non-Performance. Licensor awards to Licensee the exclusive provisions of this Agreement so that Licensee can develop its business in the three regions of Geographic Scope identified in Exhibit 1 within the four defined areas

identified in Section 2.4.2. Should Licensee fail to develop one or more of these three regions, as evidenced by at least one (1) Engine order or project order within a respective region within five (5) years, Licensor may, at its option, terminate the exclusive provisions of this Agreement pertaining to that specific region. In addition, should Licensee fail to develop business with one or more Proprietary Partners, as evidenced by at least one (1) Engine order or project order from a respective Proprietary Partner within five (5) years of that client or potential client being so designated, Licensor may, at its option, terminate the exclusive provisions of this Agreement pertaining to that specific Proprietary Partner. In either such event, Licensor will give Licensee ninety (90) days written Notice identifying the breach and notifying Licensee that Licensor will terminate such provisions of this Agreement as pertains to the specific area of exclusivity if the breach is not remedied.

6.2.3 Effect of Partial Termination. In the event of Non-Payment, Licensee's exclusive license granted herein shall expire immediately upon Partial Termination of this Agreement. In the event of Non-Performance, only the exclusive provisions of this license pertaining to the respective region(s) in breach by Licensee shall expire immediately upon Partial Termination of this Agreement.

Partial Termination of this Agreement shall not affect or impair any other terms of this Agreement, nor any obligations, including any obligations to pay any other fees or sums owed under this Agreement or rights which arose prior or arise subsequent to such termination or which arise due to the facts or circumstances which cause such termination. Licensor agrees that such Partial Terminations shall not restrict Licensee from continuing to manufacture, market, sell, and support engines within the Scope of Use, and to perform any commercial agreements with customers or users of the Licensee services and which require use or distribution of the Licensed Engine Technology, entered into prior to Partial Termination, upon the terms and conditions set forth in this Agreement. In addition, such Partial Terminations shall not impair or affect copies of the Licensed Engine Technology distributed by Licensee in accordance with this Agreement, or impair user access to or use of the Licensee services.

6.3 Full Termination

6.3.1 Termination for Non-Payment. Failure by Licensee to pay the royalty or referral fees due to Licensor as set forth herein shall be a material breach of this Agreement which shall entitle Licensor to fully terminate this Agreement if Licensee does not remedy the breach within ninety (90) days of receiving written Notice from Deluge identifying the breach and notifying Licensee that Licensor will terminate this Agreement if the breach is not remedied.

6.3.2 Termination for Default. In addition to any other rights or remedies hereunder, either Party may fully terminate this Agreement for any other material breach of this Agreement not cured within thirty (30) days after Notice from the non-defaulting party. In addition, in the event that the breach, such as for non payment, should be repeated, even if cured, more than three (3) times within two (2) calendar years, either Party may

elect to fully terminate this Agreement with thirty (30) days Notice.

6.3.3 Termination for Material Change in Status. In the event that Licensee files for bankruptcy, experiences a material change in control due to financial difficulties, or is required to put assets up as collateral in order to avoid dissolution, sale or other material change in its business, it must inform Deluge immediately of the imminent change in status. In such event, or in the event of Licensee wishing to assign this license, except as provided in Section 8.3, Deluge has the right to fully terminate this Agreement. Under no circumstances will Deluge be required to extend the rights and privileges contained herein to a third party except as provided in Section 8.3.

6.3.4 Effect of Full Termination. Licensee's entire license granted herein shall expire immediately upon Full Termination of this Agreement. The termination of this Agreement shall not affect or impair any obligations, including any obligations to pay any sums owed under this Agreement or rights which arose prior to such termination or which arise due to the facts or circumstances which cause such termination. Licensor agrees that Licensee may continue to perform any commercial agreements with customers or users of the Licensee services and which require use or distribution of the Licensed Engine Technology, entered into prior to termination, upon the terms and conditions set forth in this Agreement. In addition, no expiration or termination of this Agreement will impair or affect copies of the Licensed Engine Technology distributed by Licensee in accordance with this Agreement prior to the effective date of the expiration or termination of this Agreement, or impair user access to or use of the Licensee services. Upon termination of this Agreement, Licensee shall immediately cease promoting the products or services which incorporate the Licensed Engine Technology to new users, shall terminate its existing user agreements as soon as possible (pursuant to the terms of those agreements) and shall cease to use the Licensed Engine Technology for any other purposes. Licensee shall immediately return to Deluge (and retain no copies of any kind) all notes, data, reference materials, memoranda, documents, instruments, records and all other information which in any way incorporate or reflect the proprietary or Confidential Information of Deluge. Additionally, Licensee shall destroy Licensed Engine Technology materials as instructed by Deluge. Licensee shall make a final accounting to Deluge and payment for use of the Licensed Engine Technology in the period following termination.

ARTICLE 7 **CONFIDENTIALITY**

- 7.1 Restriction on Use of Confidential Information.** Each Party may have access to or have already had access to important Confidential Information of the other Party. "Confidential Information" means any and all information in any form that is not generally known to third persons, including but not limited to the existence and terms and conditions of this Agreement and information relating to plant designs, specifications, and layouts; equipment designs; product designs and specifications;

programs and data; know-how, processes, formulas, and methodologies; and customers, suppliers, operations, finances or business. Except with respect to the existence and terms and conditions of this Agreement, Confidential Information does not include information that can be shown by documentary evidence

- (a) is or becomes generally available or known to the public through no fault of the non-disclosing Party;
- (b) is already known by or available to the non-disclosing Party prior to the disclosure by the disclosing Party;
- (c) is subsequently disclosed to the non-disclosing Party by a third party who is not under any confidentiality obligation to the disclosing Party or any third party; or
- (d) has already been or are hereafter independently acquired or developed without violating any obligation that the non-disclosing Party has to the disclosing Party or any third party.

Compilations of data are considered Confidential Information, regardless of whether portions of such data, taken individually, would not be considered confidential. Except as set forth in this Section 7.1, each Party hereby agrees not to

- (x) use (directly or indirectly, by itself or in connection with any other person, firm or entity) Confidential Information for any purpose other than as necessary to perform its obligations under this Agreement, or
- (y) disclose or permit the disclosure of any Confidential Information to any third party.

Notwithstanding the foregoing, each Party may disclose Confidential Information to such personnel who need to know the Confidential Information to assist such Party in the performance of its obligations under this Agreement and who agree to receive such information subject to the confidentiality provisions of this Agreement. Each Party shall be liable to the other Party for a breach of the confidentiality provisions of this Agreement by its personnel.

7.2 Protection of Confidential Information. Each Party shall protect Confidential Information from unauthorized use, disclosure, or publication by taking reasonable precautions that are no less stringent than the precautions or procedures utilized to protect such Party's own Confidential Information of like-kind. At a minimum, reasonable precautions shall be deemed to include, without limitation, taking precautions to ensure:

- (a) that no Party will disclose Confidential Information to any third parties or to any Party personnel who do not have a need to know such information, and
- (b) that each document containing Confidential Information that is disclosed by a Party shall bear a legend to the effect that said information is "Confidential" or "Proprietary" to that Party and may not be further disclosed or used.

7.3 Survival. Sections 7.1 and 7.2 shall survive for a period of five (5) years past any Full Termination of this Agreement.

ARTICLE 8
GENERAL

- 8.1 Force Majeure and Excusable Delays.** Neither Party shall be responsible for failure or delay in performing its obligations under this Agreement and dates and times by which the Parties are required to render performance (other than dates and times for payment of money) hereunder shall be postponed automatically to the extent and for the period of time that the Party is prevented from meeting them as provided in this Section. If such failure, delay or postponement is due to circumstances beyond either Party's reasonable control and without fault or negligence of the Party claiming excusable delay, including, without limitation, acts of any governmental body, war, insurrection, sabotage, embargo, fire, flood, interruption of or delay in transportation, unavailability of or interruption or delay in telecommunications or third party services, or inability to obtain raw materials, supplies, or power used in or equipment needed for performance of obligations hereunder, such events shall excuse performance provided that the Party prevented from rendering performance notifies the other Party immediately and in detail of the commencement and nature of such a cause, and provided further that such Party uses its reasonable efforts to render performance in a timely manner utilizing to such end all resources reasonably required in the circumstances, including obtaining supplies or services from other sources if same are reasonably available.
- 8.2 Notices.** Any notice, consent, determination or other communication (herein a "Notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if:
- (a) delivered in person during normal business hours on a Business Day and left with the addressee at the address set forth below; or
 - (b) sent by any electronic means of sending messages, including facsimile transmission, which produces a paper record during normal business hours on a Business Day, charges prepaid and confirmed by prepaid first class mail;

To Licensee, at:

PO Box 3027
New York, NY 10163

Attention: Tom Telegades

Tel: (917) 881-2668
Facsimile: (888) 789-3089
Email: ttelegades@sustainable-energy-llc.com

To Deluge, at:

18832 N. 95th Street
Scottsdale, AZ 85255
Attention: Brian Hageman
Tel: (602) 431-0566

- 8.3 Assignment.** This license of Engine technology cannot be assigned by Licensee to any other entity or third party, voluntarily or involuntarily, or assumed by a creditor or other ownership interest, without the express written permission of Deluge except to an Affiliate, such Affiliate to assume fully the terms, conditions, requirements, and obligations of this Agreement as Licensee. In the event that Deluge elects to assign its own licensed engine technology to a third party, affiliated or otherwise, this license shall survive under the terms and conditions contained herein at the election of Sustainable. Deluge will provide sixty (60) days Notice to Licensee, at which time Licensee may elect to terminate this Agreement without penalty. In the event of assignment, this Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.
- 8.4 Remedies Cumulative.** The rights and remedies of the Parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law.
- 8.5 Counterparts.** This Agreement may be executed and delivered in several counterparts and by each of the Parties on the same or separate counterparts, each of which when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the date hereof.
- 8.6 Waiver of Rights.** Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.
- 8.7 Relationship of Parties.** This is an agreement between separate legal entities and neither is the agent or employee of the other for any purpose whatsoever. The Parties do not intend to create a partnership or joint venture between themselves. Neither Party shall have the right to bind the other to any agreement with a Person or to incur any obligation or liability on behalf of the other Party.
- 8.8 Governing Law.** This Agreement shall be governed by the laws of the State of Arizona and the federal laws of the United States applicable therein (excluding any conflict of laws rule or principles that might refer such construction to the laws of another jurisdiction). Subject to the Arbitration provision set forth herein, the Parties submit to the personal jurisdiction of, and agree that any legal proceeding with respect to or arising under this Agreement shall be brought in the State of Arizona and Federal courts sitting in Maricopa County, Phoenix, Arizona. To the maximum extent possible under law, the Parties exclude the operation of the Vienna Convention on the International Sales of Goods in respect of this Agreement.

8.9 Entire Agreement. The Parties agree that this Agreement and the Exhibit attached hereto constitute the complete and exclusive statement of the terms and conditions between the Parties for this license of Engine technology. Each of the Parties acknowledges that it has not been induced to enter into this Agreement by any representations not specifically stated herein.

8.10 Conflict in terms. In the event any terms or conditions should contradict or be in conflict with any terms or conditions in any prior agreement between the Parties, the terms and conditions in this Agreement shall prevail.

8.11 Press Releases. Neither Party shall make any public announcement that mentions the other Party without first obtaining the approval of such other Party, such approval not to be unreasonably withheld.

TO WITNESS their agreement, the Parties have duly executed this Agreement to be effective on the date first written above. The signatories attest that they have authority to sign on behalf of their respective companies, and represent that they have obtained any authorizations needed to do so as may be required.

Sustainable Energy, LLC., Licensee

By: 

Thomas Telegades, Principal

Deluge, Inc., Licensor

By: 

Brian Hageman, CEO

EXHIBIT 1

COUNTRIES WITHIN GEOGRAPHICAL SCOPE

North and Central America Region

Belize
Canada
El Salvador
Guatemala
Honduras
Mexico
Nicaragua
Panama
United States

South America Region

Argentina
Chile
Columbia
Ecuador
French Guiana
Guyana
Peru
Suriname

Caribbean Region

Anguilla
Antigua and Barbuda
Aruba
The Bahamas
Barbados
Bermuda
British Virgin Islands
Cayman Islands
Collectivity of Saint Martin
Costa Rica
Cuba
Curaçao
Dominica
Dominican Republic
Grenada

Guadeloupe
Haiti
Jamaica
Martinique
Montserrat
Caribbean Netherlands
Puerto Rico
Saint Barthélemy
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Sint Maarten
Trinidad and Tobago
Turks and Caicos Islands
United States Virgin Islands

EXHIBIT 2

CONSULTING SERVICES

Identification of the Consulting Services:

- Consultation meetings, not to exceed fifteen (15) hours per month total over a period of two (2) years.
- Delivery of relevant information regarding the engine design and construction including formulas, suppliers, past test results, etc.
- Delivery of a set of specifications, drawings and instructions to enable construction of all engines marketed by Deluge

Consultation services that are required beyond the scope described above shall be covered by a separate fee agreement.

EXHIBIT 3

OEM AGREEMENT

The Original Equipment Manufacturer Supply and Marketing and Sales Agreement entitled OEM SUPPLY AND MARKETING AND SALES AGREEMENT made effective as of the 1st day of December, 2010 by and between Sustainable Energy, LLC, a New York limited liability company (Licensee), and Deluge Inc., a Delaware corporation doing business in Arizona (Licensor) is incorporated here and made a part hereof.